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C O N F I D E N T I A L SECTION 01 OF 03 SHANGHAI 000043

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STATE FOR EAP/CM
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SUBJECT: SHANGHAI ACADEMIC ZHANG NIANCHI CAUTIOUSLY OPTIMISTIC ON
TAIWAN

REF: A) SHANGHAI 41; B) SHANGHAI 42; C) 2007 SHANGHAI 791

CLASSIFIED BY: Christopher Beede, Political/Economic Section
Chief, U.S. Consulate , Shanghai .
REASON: 1.4 (b), (d)

¶1. (C) Summary. In a January 23 meeting with EAP DAS Thomas Christensen, Shanghai Institute for East Asian Studies (SIEAS) President Zhang Nianchi was cautiously optimistic that there can be progress on cross-Strait issues. He was pleased with the Taiwan Legislative Yuan (LY) election results and said that this has decreased the threat of independence. However, he was still concerned that the UN membership referendum could pass and also noted that President Chen Shui-bian will still have space and opportunity to cause problems, even after he steps down. He said it was unlikely that both sides can come to an agreement on a peaceful framework as proposed by President Hu Jintao during the 17th Party Congress. EAP DAS Christensen said that, given the democratic constraints on Chen Shui-bian, the only way he could achieve any radical goals is if the mainland were to overreact and provide the emergency environment in Taiwan necessary for him to do so. Christensen urged that Beijing take a more moderate approach toward Taiwan and seize the opportunity of a new leadership there to improve cross-Strait relations. Squeezing Taiwan's international space and taking other provocative actions only help supporters of Taiwan independence.
End Summary.

Independence Threat Decreased

¶2. (C) EAP DAS Christensen met with SIEAS President and Taiwan expert Zhang Nianchi on January 23. A former assistant to Wang Daohan, Zhang is a leading expert on Taiwan issues in China and continues to maintain a great deal of influence on Beijing's Taiwan policy. SIEAS Deputy Director Hu Lingwei, Pol/Econ Section Chief and Poloff also participated in the meeting. Unlike many other academics in Shanghai (see reftel A and B), Zhang holds a more moderate and optimistic approach to Taiwan. He was pleased with the results of the January LY elections and said the results have decreased the threat of Taiwan independence. This was good for cross-Strait relations and U.S.-China relations. He said that the United States and the international community were very active in making known opposition to the referendum. This has been very helpful and he hoped that this trend will continue.

13. (C) However, the upcoming referendum on Taiwan membership in the UN still poses a threat to regional stability. The LY elections and the Presidential elections are very different. The LY election's voter participation rate was rather low. A higher turnout can be expected for the March Presidential election, increasing the number of potential participants in the referendum. In addition, while the DPP lost seats in the LY election, opinion polls indicate that approximately 40 percent of the electorate still supports the DPP. There is still a possibility that the DPP can win the majority of votes in the March Presidential elections.

14. (C) According to Zhang, Taiwan people have a very different attitude and do not always pay sufficient attention to the true opinions of other countries. Some Taiwan scholars believe that the United States opposes the UN referendum because of the U.S. relationship with the Mainland, but that in its "heart," the United States actually supports Taiwan's independence efforts. Many in Taiwan believe that many nations are sympathetic to Taiwan's plans for a UN membership referendum, regardless of the state of official relations between those nations and Beijing. DAS Christensen countered that in addition to the unequivocal U.S. statements of opposition to the UN membership referendum, the European Union and Japan are among the other members of the international community that have clearly expressed opposition to the referendum. Zhang continued that no one could have predicted that the KMT would have won two-thirds to three-quarter of LY seats. Many observers might now think that there is a possibility that Taiwan will return to a strong one-party state and this could have a bad effect on domestic politics. However, this decision should be left up to the Taiwan voters. He asked whether the United States would now try to interfere and create a balance between the KMT and DPP in

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Taiwan by tacitly supporting the DPP in the Presidential election.

15. (C) DAS Christensen disagreed that people in Taiwan did not pay attention to international opinion. In addition, most Taiwan people do not believe that the United States secretly supports Taiwan independence. The United States has made its opposition to the UN membership referendum very clear and people on Taiwan have certainly notices. For its part, the Mainland should not exaggerate the importance of the referendum. If it passes, Taiwan's status will still remain the same. More importantly, if the Mainland is too aggressive, this would provide President Chen with an excuse and a conducive environment to take more radical actions to promote independence. The LY results and President Chen's decision to step down as DPP Chair will have a positive effect as it allows DPP Candidate Frank Hsieh to take over the party and assert a more moderate posture in the campaign. Hsieh is more moderate than Chen. The United States does not interfere in Taiwan's domestic politics and has no preference between the candidates. The USG can work well with any Taiwan politician as long as they do not support destabilizing pro-independence policies.

16. (C) Zhang agreed with Christensen's overall statement and said that it is important to not exaggerate the threat posed by the referendum. Appearing to lament the ignorance of many of his influential compatriots, he asserted that, while there are some in China who are pleased with the LY results and believe that the referendum is not a threat, there are still many who are concerned about the referendum and see it as a threat to stability. He also agreed that DPP Candidate Hsieh is more moderate and said that no matter who wins the election that person would be better than President Chen Shui-bian.

President Chen Still A Threat

17. (C) Like many scholars, Zhang voiced concerns that President

Chen still has lots of space and opportunity to cause problems until he steps down. He wondered whether Chen would accept the results of the Presidential election and noted that there is no disadvantage for President Chen to take radical actions. In addition, President Chen will likely still have opportunities to play a destabilizing role even after he steps down from office. DAS Christensen stressed that there continues to be democratic constraints on President Chen that will prevent him from implementing any radical actions. President Chen will not be able to carry out any actions not supported by the people of Taiwan unless Beijing overreacts and gives President Chen an excuse to enact radical policies and the domestic atmosphere necessary to implement those policies.

A Peaceful Framework

18. (C) Zhang asserted that although the new leadership in Taiwan will likely be more moderate and it will be relatively easy to resolve such issues as cross-Straits tourism and Taiwan investment in the Mainland, it will be very difficult to reach agreement for a "peace framework" as proposed by President Hu Jintao during the 17th Party Congress. Both sides still disagree on the definition of the 1992 consensus. At the time of the 1992 meetings in Singapore, the focus was on creating the Three Links, not on creating a Consensus on one China, which was just a convenient way to move on to the important issues. The "One China" concept was not strictly defined and it was easy to get around it. Now it is a different era. The three direct links and other problems are not too difficult to achieve, while the "One China" concept is problematic. For there to be an agreement on a peaceful framework, both sides must discuss issues such as the definition of "One China," Taiwan's identity and other difficult issues. It will not be easy to discuss these issues, but President Hu made the proposal, and now China must do it. [Note: Zhang seemed quite critical of HJT's statements in the 17th Party Congress speech because they set the bar too high for the foreseeable future] DAS Christensen urged that China avoid discussing definitions of "One China" with the new leadership in Taiwan and also to stop insisting on pre-conditions for discussions. In addition, there need not be an explicit agreement for both sides to have a "peaceful framework."

Squeezing Taiwan's International Space

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19. (C) DAS Christensen expressed concern over Beijing's attempts to squeeze Taiwan's international space by preventing Taiwan from having meaningful participation in international organizations requiring statehood for membership, by placing unacceptable conditions on Taiwan's membership in international organizations for which statehood is not a prerequisite, and by competing with Taiwan for diplomatic recognition. Reports suggest that Beijing has also apparently considered other measures that would lead to instability such as proposing a new civil aviation route near the middle of the Taiwan Strait. These aggressive measures are causing problems and are counterproductive. He urged that academics like Zhang advise Beijing to find a better and more flexible way in dealing with Taiwan. The proposed mid-Straits civil aviation route is a bad and dangerous idea, militarily and politically, at any time and especially in the run-up to the March general election in Taiwan.

110. (C) According to Zhang, lots of his friends have suggested to the Central Government that if KMT Candidate Ma Ying-jeou becomes President and there continues to be cross-Straits stability, then in the third to fifth year of Ma's Presidency, Beijing should allow Taiwan to have some kind of representation in some international organizations. While Beijing would never support Taiwan joining organizations as a country, perhaps it can have observer status to organizations such as the World Health Organization. Zhang agreed that increasing Taiwan's international space would decrease cross-Straits tensions. He

added, however, that the hardest part of his Taiwan work over a period of twenty years has been getting Mainland officials to acknowledge different or new points of view and increase understanding about Taiwan and the views held by people there. DAS Christensen in reply emphasized the constructive role played by scholars and researchers in trying to resolve Taiwan issues and called for the reconsideration of more moderate approaches to cross-Strait relations, as advocated by Wang Daohan in the late 1990s. He cited Wang's flexible idea of shared sovereignty as the type of innovative thinking that one rarely sees in high-level discussions of Taiwan on the mainland and that will be necessary if the mainland is to seize the opportunity of improving relations across the Strait when a new leadership assumes office in Taiwan on May 20.

11. (C) DAS Christensen cleared this report.
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